

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - June 16, 2004

United States Attorney Carol C. Lam announced today the unsealing in San Diego of an indictment charging David Palumbo, a bodybuilder and editor-in-chief of *Rx Muscle* magazine, with conspiring to unlawfully distribute human growth hormone and traffic in counterfeit goods. According to the indictment handed up by a federal grand jury sitting in the Southern District of California, Palumbo obtained counterfeit Serostim from Bill Young in San Diego, and sold it to bodybuilders who did not possess lawful prescriptions for the drug. The indictment further alleges that Palumbo sent his payments in cash by commercial interstate carriers such as Federal Express, often contained within the pages of a copy of the bodybuilding magazine he edited. The indictment lists specific dates in 2002 on which Palumbo received shipments of counterfeit Serostim from San Diego, and specific dates on which Palumbo shipped counterfeit Serostim to others.

Serostim is a prescription drug containing the active ingredient "somatropin," a form of human growth hormone. Serostim is approved by the FDA for use in the United States to treat AIDS wasting. Serostim is manufactured by the drug company Serono, which has registered the trademarks "Serono" and "Serostim" with the U.S. Office of Patents and Trademarks.

United States Attorney Lam stated, “With this arrest, a ring of individuals engaged in counterfeiting and distributing a form of human growth hormone has been broken.”

Acting FBI Special Agent in Charge John R. Kingston commented, “The FBI and FDA continue to address health care fraud through the aggressive investigation of prescription drug counterfeiting and trafficking. The indictment of Mr. Palumbo and his associates will serve as a deterrent to individuals who are considering participating in these illegal schemes.”

In a related case, on October 15, 2002, Ronald Nollet Jr. and Ronald Nollet Sr. pled guilty before U.S. District Court Judge Thomas J. Whelan to having manufactured and distributed counterfeit drugs. Among other things, the Nollets admitted that they intended that consumers be led to believe that they were purchasing the drug Serostim, manufactured by the drug company Serono, and containing the active ingredient found in legitimate Serostim (somatropin). The Nollets further admitted that they had provided vials of the counterfeit Serostim to others, knowing that they intended to distribute them in California, Nevada, New York and Florida. Among the distributors was Brian Mohr. On November 12, 2002, Brian Mohr pled guilty to mail fraud. At the time of his plea, Mohr admitted that he agreed with the Nollets to manufacture and distribute counterfeit Serostim. Mohr admitted that between June 2002 and August 2002, he sold over 250 boxes of the counterfeit Serostim to Bill Young for approximately \$89,000.

On February 19, 2003, Bill Young pled guilty to Trafficking in Counterfeit Goods, in violation of Title 18, United States Code, Section 2320, in connection with the sale of the counterfeit Serostim. According to the indictment in the pending case, Young was a source of counterfeit Serostim for David Palumbo.

The case was investigated by the U.S. Food and Drug Administration Office of Criminal Investigations and the Federal Bureau of Investigation. Investigators were able to recover some but not all of the counterfeit Serostim produced by this ring. The counterfeit Serostim produced by these defendants can be identified by the fact that the hologram on the box is a sticker, rather than an imprint on the box itself.

Mr. Palumbo appeared in federal court in the Eastern District of New York earlier today. His next court date is July 8, 2004, in San Diego, before United States District Court Judge Thomas J. Whelan.

DEFENDANT

David Palumbo
Seaford, New York

SUMMARY OF CHARGES

Conspiracy to Unlawfully Distribute Human Growth Hormone and Traffic in Counterfeit Goods,
in violation of Title 18, United States Code, Section 371

Maximum Penalty: 5 years in custody and/or \$250,000 fine

AGENCIES

Federal Bureau of Investigation
Food and Drug Administration. Office of Criminal Investigations

An indictment itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.